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NEWS RELEASE

FOR RELEASE: October 12, 2009

Lines Murphy & Company, P.L.C., of Osage today released an audit report on the City of Grand Junction, Iowa.

The City's receipts totaled \$486,066 for the year ended June 30, 2009. The receipts included \$134,294 in property tax, \$146,430 in charges for service, \$110,209 from intergovernmental, \$67,743 in other city tax, and \$27,390 from other general receipts.

Disbursements for the year totaled \$428,184, and included \$341,884 in operating expenses, \$53,198 for debt service, and \$33,102 for business type activities.

A copy of the report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at:
<http://auditor.iowa.gov/reports/reports.htm>.

CITY OF GRAND JUNCTION
INDEPENDENT AUDITORS' REPORTS
PRIMARY GOVERNMENT FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditors' Report	2-3
Primary Government Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Statement of Activities and Net Assets – Cash Basis	A 4-5
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 6
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 7
Notes to Financial Statements	8-12
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds	13-14
Notes to Required Supplementary Information – Budgetary Reporting	15
Other Supplementary Information:	<u>Schedule</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1 16-17
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Proprietary Funds	2 18
Schedule of Indebtedness	3 19-20
Bond and Note Maturities	4 21
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	5 22
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	23-24
Schedule of Findings	25-31

City of Grand Junction

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Leo Kersey	Mayor	Jan 2010
Jerry Herrick	Mayor Pro-Tem	Jan 2012
David Kersey	Council Member	Jan 2010
Barb Walker	Council Member	Jan 2010
Pierre Kellogg	Council Member	Jan 2010
Pat Fagen	Council Member	Jan 2012

(After January 2009)

Same as above

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grand Junction, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the primary financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Grand Junction's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

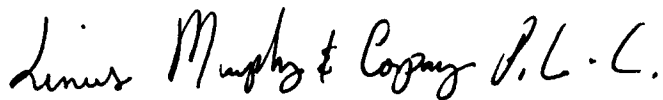
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2008, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, and each major fund and the aggregate remaining fund information of the City of Grand Junction as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2009 on our consideration of the City of Grand Junction's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The City has not presented Management's Discussion and Analysis which introduces the primary government financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the primary government financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Junction's primary government financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2008 as discussed in the third paragraph, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.



Lines Murphy & Company, P. L. C.
Certified Public Accountants
Osage, Iowa
September 24, 2009

CITY OF GRAND JUNCTION

City of Grand Junction
Statement of Activities and Net Assets – Cash Basis
As of and for the year ended June 30, 2009

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	\$ 53,631	1,003	-	-
Public works	128,742	43,932	79,983	20,128
Culture and recreation	75,222	13,373	15,995	-
Community and economic development	24,228	-	-	-
General government	60,061	5,719	-	-
Total governmental activities	341,884	64,027	95,978	20,128
Business type activities:				
Recycling	13,190	16,660	-	-
Sewer	68,170	69,467	-	-
Solid waste	4,940	6,888	-	-
Total business type activities	86,300	93,015	-	-
Total	\$ 428,184	157,042	95,978	20,128
General Receipts:				
Property tax and other city tax levied for:				
General purposes				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Exhibit A

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(52,628)	-	(52,628)
15,301	-	15,301
(45,854)	-	(45,854)
(24,228)	-	(24,228)
(54,342)	-	(54,342)
(161,751)	-	(161,751)
-	3,470	3,470
-	1,297	1,297
-	1,948	1,948
-	6,715	6,715
(161,751)	6,715	(155,036)
134,293	-	134,293
67,743	-	67,743
1,284	-	1,284
9,598	-	9,598
212,918	-	212,918
51,167	6,715	57,882
175,562	144,267	319,829
\$ 226,729	150,982	377,711
\$ 76,766	-	76,766
5,663	-	5,663
144,300	150,982	295,282
\$ 226,729	150,982	377,711

CITY OF GRAND JUNCTION

City of Grand Junction

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2009

	Special Revenue			
	General	Road Use Tax	Other Nonmajor Governmental Funds	Total
Receipts:				
Property tax	\$ 86,035	-	48,259	134,294
Other city tax	67,743	-	-	67,743
Licenses and permits	1,996	-	-	1,996
Use of money and property	1,100	-	184	1,284
Intergovernmental	30,226	79,983	-	110,209
Charges for service	53,415	-	-	53,415
Miscellaneous	22,699	-	1,411	24,110
Total receipts	263,214	79,983	49,854	393,051
Disbursements:				
Operating:				
Public safety	53,631	-	-	53,631
Public works	42,611	81,817	4,314	128,742
Culture and recreation	70,381	-	4,841	75,222
Community and economic development	24,228	-	-	24,228
General government	29,020	-	31,041	60,061
Total disbursements	219,871	81,817	40,196	341,884
Excess (deficiency) of receipts over (under) disbursements	43,343	(1,834)	9,658	51,167
Other financing sources (uses):				
Operating transfers in	-	-	506	506
Operating transfers out	(506)	-	-	(506)
Total other financing sources (uses)	(506)	-	506	-
Net change in cash balances	42,837	(1,834)	10,164	51,167
Cash balances beginning of year	14,158	78,600	82,804	175,562
Cash balances end of year	\$ 56,995	76,766	92,968	226,729
Cash Basis Fund Balances				
Reserved				
Special Revenue	\$ -	-	5,663	5,663
Unreserved:				
General fund	56,995	-	-	56,995
Special revenue funds	-	76,766	87,305	164,071
Total cash basis fund balances	\$ 56,995	76,766	92,968	226,729

See notes to financial statements.

CITY OF GRAND JUNCTION

City of Grand Junction
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2009

	Enterprise Funds		
		Other Nonmajor	
	Sewer	Proprietary Funds	Total
Operating receipts:			
Charges for service	\$ 69,467	23,548	93,015
Operating disbursements:			
Business type activities	14,972	18,130	33,102
Excess (deficiency) of operating receipts over (under) operating disbursements	54,495	5,418	59,913
Non-operating receipts (disbursements):			
Debt Service	(53,198)	-	(53,198)
Net non-operating receipts (disbursements)	(53,198)	-	(53,198)
Net change in cash balances	1,297	5,418	6,715
Cash balances beginning of year	113,745	30,522	144,267
Cash balances end of year	\$ 115,042	35,940	150,982
Cash Basis Fund Balances			
Unreserved	\$ 115,042	35,940	150,982

See notes to financial statements.

CITY OF GRAND JUNCTION

City of Grand Junction
Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

The City of Grand Junction is a political subdivision of the State of Iowa located in Greene County. It was first incorporated in 1872 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides sewer, recycling, and solid waste services.

A. Reporting Entity

For financial reporting purposes, the City of Grand Junction has included all funds, organizations, agencies, boards, commissions and authorities, except for Grand Junction Municipal Light and Water. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Grand Junction (the primary government) and exclude the City's component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. It has not been included in these primary government financial statements which present the primary government only. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its respective administrative office.

Component Unit

Grand Junction Municipal Light and Water (Utilities) is a component unit of the City of Grand Junction and is not presented in these primary government financial statements. It is governed by a five member board of trustees appointed by the Mayor and approved by the City Council. Title to all property of the Utilities is held in the name of the City. A financial benefit/burden relationship exists between the City and Utilities in that the City is authorized by statute to issue general obligation debt for a city utility, and may certify taxes for the payment of the debt.

Jointly Governed Organizations

The City participates in one jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint

venture since there is no known ongoing financial interest or responsibility by the participating governments. A City official is a member of the Greene County Recycling Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Grand Junction maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City of Grand Junction funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements in debt service and community and economic development exceed the amounts budgeted during the year ended June 30, 2009.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are all Category 1, which means the investments are insured or registered or the securities are held by the City or its agent in the City's name.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of

receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation notes are as follows:

Year Ending June 30,	General Obligation Notes	
	Principal	Interest
2010	45,000	6,097
2011	45,000	4,208
2012	50,000	2,250
Total	140,000	12,555

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.1% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009 was \$2,758, equal to the required contribution for the year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2009 could not be determined because the City does not have updated records.

(6) Related Party Transactions

The City had business transactions between the City and City officials totaling \$3,140 during the fiscal year ended June 30, 2009.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Drainage	General	\$ 506

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the past fiscal year.

(9) Component Unit

The Utilities provide electric and water services to the City at their standard rates.

The Utilities act as the billing and collection agent for the City in the collection of sewer and garbage fees from the residents of Grand Junction. These fees are deposited by the Utility into the City bank account. This service is provided for a minimal charge to the City.

Further, the Utility has a health insurance plan, which covers all City and Utility employee(s). The City reimburses the Utility for all cost associated with the City employee(s).

Following is a summary of payments from the City to the Utilities during the Year.

Electric	11,170
Water	1,736
Sewer	720
Garbage	1,200
Health Insurance	4,271

(10) Lease of Equipment

On June 20, 2008, the City of Grand Junction entered into an operating lease with Rueter's Red Power for a McCormick CX75 tractor thru October 20, 2009. Payments of \$417 are due monthly. Total Lease payments for the year ended June 30, 2009, were \$5,000. Payments due for year ended June 30, 2010 are \$1,667.

(11) Landfill

The City pays the Boone County Landfill an annual per capita fee for use of the landfill. They paid a total of \$4,280 during the fiscal year ended June 30, 2009.

**City of Grand Junction
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year ended June 30, 2009

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>
Receipts:		
Property tax	\$ 134,294	-
Other city tax	67,743	-
Licenses and permits	1,996	-
Use of money and property	1,284	-
Intergovernmental	110,209	-
Charges for service	53,415	93,015
Miscellaneous	24,110	-
Total receipts	<u>393,051</u>	<u>93,015</u>
Disbursements:		
Public safety	53,631	-
Public works	128,742	-
Culture and recreation	75,222	-
Community and economic development	24,228	-
General government	60,061	-
Debt service	-	53,198
Business type activities	-	33,102
Total disbursements	<u>341,884</u>	<u>86,300</u>
Excess (deficiency) of receipts over (under) disbursements	51,167	6,715
Balances beginning of year	<u>175,562</u>	<u>144,267</u>
Balances end of year	<u>\$ 175,562</u>	<u>144,267</u>

See accompanying independent auditors' report.

<u>Total</u>	<u>Budgeted Amounts</u>	<u>Final to Total Variance</u>
134,294	130,477	3,817
67,743	22,782	44,961
1,996	1,700	296
1,284	2,000	(716)
110,209	123,433	(13,224)
146,430	148,500	(2,070)
24,110	-	24,110
<u>486,066</u>	<u>428,892</u>	<u>57,174</u>
53,631	57,300	3,669
128,742	151,000	22,258
75,222	76,600	1,378
24,228	-	(24,228)
60,061	81,980	21,919
53,198	-	(53,198)
33,102	62,000	28,898
<u>428,184</u>	<u>428,880</u>	<u>696</u>
57,882	12	57,870
<u>319,829</u>	<u>253,041</u>	<u>66,788</u>
<u>319,829</u>	<u>253,053</u>	<u>66,788</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Grand Junction

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year there was no amendments to the budget.

During the year ended June 30, 2009, disbursements in debt service and community & economic development exceeded the amounts budgeted.

City of Grand Junction
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2009

	<u>Special</u>				
	<u>Insurance</u>	<u>Employee Benefits</u>	<u>Celebration</u>	<u>Drainage</u>	<u>Lint Police</u>
Receipts:					
Property tax	\$ 28,211	20,048	-	-	-
Other city tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	-	-	-	95	51
Charges for service	-	-	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	-	-	1,411	-	-
Total receipts	<u>28,211</u>	<u>20,048</u>	<u>1,411</u>	<u>95</u>	<u>51</u>
Disbursements:					
Operating:					
Public safety	-	-	-	-	-
Public works	-	3,607	-	707	-
Culture and recreation	-	3,291	1,550	-	-
Community and economic development	-	-	-	-	-
General government	23,857	7,184	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	<u>23,857</u>	<u>14,082</u>	<u>1,550</u>	<u>707</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>4,354</u>	<u>5,966</u>	<u>(139)</u>	<u>(612)</u>	<u>51</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	506	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>506</u>	<u>-</u>
Net change in cash balances	4,354	5,966	(139)	(106)	51
Cash balances beginning of year	<u>20,158</u>	<u>42,059</u>	<u>324</u>	<u>10,469</u>	<u>5,612</u>
Cash balances end of year	<u>\$ 24,512</u>	<u>48,025</u>	<u>185</u>	<u>10,363</u>	<u>5,663</u>
Cash Basis Fund Balances					
Reserved:					
Special revenue funds	\$ -	-	-	-	5,663
Unreserved:					
Special revenue funds	<u>24,512</u>	<u>48,025</u>	<u>185</u>	<u>10,363</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 24,512</u>	<u>48,025</u>	<u>185</u>	<u>10,363</u>	<u>5,663</u>

See accompanying independent auditors' report.

Schedule 1

Revenue

<u>Park Improvements</u>	<u>Total</u>
-	48,259
-	-
-	-
38	184
-	-
-	-
-	1,411
<u>38</u>	<u>49,854</u>

-	-
-	4,314
-	4,841
-	-
-	31,041
-	-
<u>-</u>	<u>40,196</u>

<u>38</u>	<u>9,658</u>
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-	506
-	-
<u>-</u>	<u>506</u>

38	10,164
<u>4,182</u>	<u>82,804</u>
<u>4,220</u>	<u>92,968</u>

-	5,663
<u>4,220</u>	<u>87,305</u>
<u>4,220</u>	<u>92,968</u>

CITY OF GRAND JUNCTION

City of Grand Junction

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds

June 30, 2009

	Enterprise Funds		
	Recycle	Solid Waste	Total
Operating receipts:			
Charges for service	\$ 16,660	6,888	23,548
Operating disbursements:			
Business type activities	13,190	4,940	18,130
Net change in cash balances	3,470	1,948	5,418
Cash balances beginning of year	7,560	22,962	30,522
Cash balances end of year	\$ 11,030	24,910	35,940
Cash Basis Fund Balances			
Unreserved	11,030	24,910	35,940

See accompanying independent auditors' report

City of Grand Junction
Schedule of Indebtedness
Year ended June 30, 2009

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation notes: Corporate Purpose	12/01/02	2.0-4.5%	\$ 400,000

See accompanying independent auditors' report.

Schedule 3

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
185,000	-	45,000	140,000	7,898	-

CITY OF GRAND JUNCTION

City of Grand Junction
Bond and Note Maturities

June 30, 2009

Year Ending June 30,	General Obligation Notes	
	Corporate Purpose	
	Issued Dec. 1, 2002	
	Interest	
	Rates	Amount
2010	4.35 %	\$ 45,000
2011	4.43	45,000
2012	4.50	50,000
		<u>\$ 140,000</u>

See accompanying independent auditors' report.

CITY OF GRAND JUNCTION

City of Grand Junction
Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds
For the Last Fiscal Year

	<u>2009</u>
Receipts:	
Property tax	\$ 134,294
Other city tax	67,743
Licenses and permits	1,996
Use of money and property	1,284
Intergovernmental	110,209
Charges for service	53,415
Miscellaneous	<u>24,110</u>
Total	<u>\$ 393,051</u>
Disbursements:	
Operating:	
Public safety	\$ 53,631
Public works	128,742
Culture and recreation	75,222
Community and economic development	24,228
General government	<u>60,061</u>
Total	<u>\$ 341,884</u>

See accompanying independent auditors' report.

CITY OF GRAND JUNCTION

Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grand Junction, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated September 24, 2009. Our report on the financial statements which were prepared in conformity with an other comprehensive basis of accounting expressed a qualified opinion since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2008. Except as noted in the Independent Auditor's report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Grand Junction's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Grand Junction's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Grand Junction's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Grand Junction's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Grand Junction's financial statements that is more than inconsequential will not be prevented or detected by the City of Grand Junction's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Grand Junction's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09, II-B-09, and II-C-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grand Junction's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Grand Junction's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Grand Junction's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Grand Junction and other parties to whom the City of Grand Junctions may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Grand Junction during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Lines Murphy & Company, P. L. C.
Certified Public Accountants
Osage, Iowa
September 24, 2009

City of Grand Junction

Schedule of Findings

Year ended June 30, 2009

Part I: Summary of the Independent Auditors' Results:

- (a) A qualified opinion was issued on the financial statements since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2008. The financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF GRAND JUNCTION

City of Grand Junction
Schedule of Findings
Year ended June 30, 2009

Part II: Findings Related to the Primary Government Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- II-A-09 **Segregation of Duties** – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-09 **Accounting system** – We noted the following weaknesses within the bookkeeping system:

- 1.) The books are maintained on a single entry system. A single entry system is designed for an individual to track receipts and expenditures. The system is not designed to be able to maintain proper accounting records for a business, and is especially not designed for a City, which have specific fund requirements.

The City's current system does not require the City to balance the bank statement to the books on a monthly basis, further, the clerk and the treasurer each keep a separate set of books.

- 2.) The Clerk's books do not reconciled nor agreed to treasurer's.
- 3.) The City Clerk does not retain a copy of the bank statement; therefore automatic deposits (interest) and Automatic debits are not identified by the accounting system.
- 4.) Published numbers come from Clerk's books, which are not complete (see 5 below).
- 5.) Detail given to the board comes from the Clerk's books, which do not tie to treasurer's report. Therefore deposits (Interest Income) and checks (bond payments and automatic debits) are missing.

City of Grand Junction
Schedule of Findings
Year ended June 30, 2009

Recommendation – We recommend that the following be implemented in order to improve the City's accounting system.

- 1.) The City should purchase a software system, which can handle "double entry" and "fund accounting."
- 2.) The books must be reconciled to the bank monthly and management each month should review bank reconciliations and journal entries.
- 3.) Only one set of books should be used to maintain complete and accurate records. If not, then differences between City Clerk and Treasurer's books must be resolved prior to each council meeting so that the numbers the council reviews and approves and the published numbers are correct.

Response – We will do so.

Conclusion – Response accepted.

II-C-09 Invoices – Invoices were not properly cancelled to prevent reuse.

Recommendation – Checks should be prepared only from invoices, and the City should mark invoices "paid" to prevent duplicate payments from occurring.

Response – We will do so in the future.

Conclusion – Response accepted.

City of Grand Junction
Schedule of Findings
Year ended June 30, 2009

Part III: Other Findings Related to Statutory Reporting:

III-A-09 Official Depositories - The City has approved a resolution naming official depositories. The maximum deposit amounts stated in the resolution were exceeded during the year ended June 30, 2009.

Recommendation - The City should take the necessary measures to comply with their depository resolution.

Response - We will do so.

Conclusion - Response accepted.

III-B-09 Certified Budget - Disbursements during the year ended June 30, 2009 exceed the amounts budgeted in the community and economic development and debt service functions since no expenditures were budgeted in those areas. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The Budget should have been amended and disbursements should have been increased in sufficient amounts so that the budgeted disbursements would not have been exceeded.

Response - The budget will be amended in the future before disbursements exceed budgeted amounts.

Conclusion - Response accepted.

III-C-09 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-D-09 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-E-09 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
David Kersey, Council Member	Pool Wages	\$ 3,140

In accordance with Chapter 362.5(10) of the Code of Iowa, this amount appears to represent a conflict of interest. The amount is over \$1,500 and bids were not taken

City of Grand Junction
Schedule of Findings
Year ended June 30, 2009

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

Response – The City will contact legal counsel.

Conclusion – Response accepted.

III-F-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-G-09 Council Minutes – Although the Council approves monthly disbursements we noted that numerous expenditures were not included in the list of expenditures approved and published.

Recommendation – The City should maintain adequate documentation to ensure all disbursements are listed in the approved and published minutes.

Response – We will do so.

Conclusion – Response accepted.

III-H-09 Debt Service Fund - General obligation note payments were not made from a Debt Service Fund as required by Chapter 384.4 of the Code of Iowa.

Recommendation – In the future, establish and make all general obligation debt payments from the Debt Service Fund.

Response – We will do so.

Conclusion – Response accepted.

III-I-09 Compensated Absences – The City is not maintaining adequate records for accumulated vacation time.

Recommendation – The City should establish a record keeping system to allow the City to determine how much unused vacation time should be paid to employees upon separation from the City.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

III-J-09 Deposits and Investments – The City has not adopted a written investment policy in compliance with the provisions of Chapter 12B.10B of the Code of Iowa. Although it is noted that the City does not hold any investments other than Certificates of deposit, a written investment policy is still required.

City of Grand Junction
Schedule of Findings
Year ended June 30, 2009

Recommendation – The City should adopt a written investment policy.

Response – We will do so.

Conclusion – Response accepted.

III-K-09 Annual Gross Salaries – Annual gross salaries were not published as required by Chapter 372.13 of the Code of Iowa and an Attorney General's opinion dated April 12, 1978.

Recommendation – The City should publish annual gross salaries, as required.

Response – We will do so.

Conclusion – Response accepted.

III-L-09 Check Images – Check images were not retained in accordance with Chapter 554D.114(5) of the Code of Iowa. The City only receives images of the fronts of the checks, not the front and backs as required.

Recommendation – The City should comply with Chapter 554D.114(5) of the Code of Iowa.

Response – We will do so.

Conclusion – Response accepted.

III-M-09 Computer Security – We noted the following weakness in the computer system at the City of Grand Junction's location.

- a. Backups not maintained daily.
- b. Backups not maintained off site.
- c. Logins do not automatically time out when not in use.
- d. Passwords are not required.

Recommendation – Review controls over computer systems and implement controls accordingly.

Response – We will review controls over the computer system.

Conclusion – Response accepted.

City of Grand Junction
Schedule of Findings
Year ended June 30, 2009

III-N-09 Petty Cash – We noted that the Library petty cash funds are not recorded on the general ledger.

Recommendation – Grand Junction should record petty cash to the general ledger and reconcile monthly.

Response – We will do so.

Conclusion – Response accepted.

III-O-09 Celebration Fund – It was noted that the City does not have adequate control over the funds in the Celebration fund. It appears that these funds may not be City funds but are held under the City's Federal Identification Number.

Recommendation – The City should maintain control over the celebration funds by budgeting and approving the flow of funds appropriately. If these funds are not City funds, they should have the City's Federal Identification Number taken off the account.

Response – We will do so.

Conclusion – Response accepted.